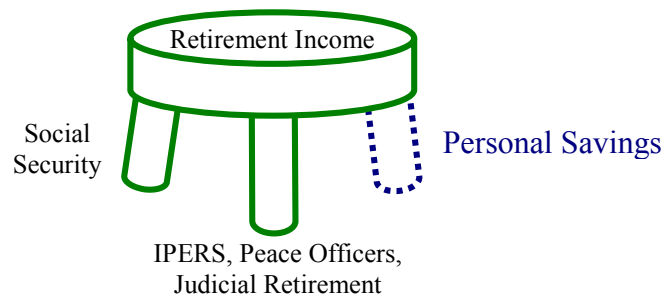




Purpose of the Program

In order to attract and retain quality employees, the State of Iowa offers the Deferred Compensation Program as a **supplemental pretax retirement savings program** designed to help build the third leg of the retirement savings “three-legged stool.”



Program Summary

- **Program Composition:** The Program, the Retirement Investors’ Club (RIC), contains two plans:
 - 457 Employee Contribution Plan
 - 401(a) Employer Match Plan

- **Assets Under Management:** \$420 M (as of 12-31-06)

Active Provider assets (as of 11-28-07)

Active Providers	Product Type	Assets
Hartford Life	Variable annuity	\$165 M
ING Financial Advisers	Variable annuity and mutual funds	\$160 M
AIG VALIC	Mutual funds	\$63 M
Nationwide	Mutual funds	\$13 M

- **Annual Compliance:** Investments are reviewed annually by an outside investment consulting firm (Deloitte & Touche Investment Advisors).
- **Participating Employers:**
 - Executive (excluding Board of Regents institutions), Legislative, Judicial branches
 - Community-Based Correctional Districts
 - State Fair Board
 - Shelby County
 - Harlan Municipal Utilities
 - Cedar Falls Utilities

Program Features

- **Open Enrollment:** Employees may sign up for RIC at any time.
- **Contributions**
 - **Employee contributions:** Participants decide how much to deduct (limits apply) from their payroll pretax.
 - Minimum of \$25 a month
 - Maximum of 100% of includible compensation up to the IRS maximum limits
 - Closer to retirement, ability to save over the maximum if qualified for catch-up
 - Contribution amounts may be changed or stopped up to 24 times a year
 - **Employer Contributions:** The State offers a match to participants' contributions.

2007 Employer Match Maximums	
AFSCME-covered Non-contract SPOC-covered employees (Legislators excluded)	\$75/month
UE/IUP-covered employees	\$50/month (\$75/mo January 2008)

- **Tax-Deferred Earnings:** Investment earnings are not taxed until withdrawal from the program.
- **Investment Selection:** Currently 4 investment providers offer fixed rate accounts and a number of diversified fund options. Participants may change their investment objectives and options at any time (some product limitations) in order to adjust to life changes and savings goals.

Program Expansion

- **Code Allowance:** Iowa Code sec. 8A.433 allows RIC to offer this program to other governmental employers.
- **Current Customers:** Administration of these plans is customized to each employers' benefit specifications.

Employers	Start Date	Participants	Implementation Fee	Annual Fees
Shelby County	Jul-07	90	\$1,000	\$210
Harlan Municipal Utilities	Jul-07	29	\$340	\$170
Cedar Falls Utilities	Jan-08		\$500	\$150

- **Indications of Interest:** RIC has been contacted by 3 others employers so far without solicitation.
- **Marketing Goals:** In 2008, RIC will begin actively marketing its program to other public entities.

Jul-07

Eligible # Deferring Participation

State Government			
Executive Branch			
AFSCME			
Clerical 001	1,839	910	49.5%
Technical 002	3,815	1,803	47.3%
Blue Collar 003	2,270	1,326	58.4%
Fiscal & Staff 004/104	2,541	1,813	71.3%
Security 006	2,163	1,057	48.9%
Patient Care 011	609	376	61.7%
AFSCME Subtotal	13,237	7,285	55.0%
UE/IUP			
Social Services 005	1,472	786	53.4%
Science 009	466	311	66.7%
Social Services-IMW 015	755	390	51.7%
UE/IUP Subtotal	2,693	1,487	55.2%
SPOC			
Public Safety 007 Subtotal	632	527	83.4%
NONCONTRACT			
Noncontract Subtotal	3,732	2,566	68.8%
Executive Branch Total	20,294	11,865	58.5%
Judicial Branch			
AFSCME	769	447	58.1%
NONCONTRACT	1,079	753	69.8%
PPME	111	59	53.2%
Judicial Branch Total	1,959	1,259	64.3%
Legislative Branch	354	144	40.7%
Total State Government	22,607	13,268	58.7%
CBCs			
CBC 1	202	172	85.1%
CBC 2	145	111	76.6%
CBC 3	78	64	82.1%
CBC 4	73	52	71.2%
CBC 5	271	176	64.9%
CBC 6	182	133	73.1%
CBC 7	106	67	63.2%
CBC 8	91	52	57.1%
CBCs Total	1,148	827	72.0%
Fair Board	58	39	67.2%
Supreme Court	13	9	69.2%
Shelby County			#DIV/0!
Harlan Municipal Utilities			#DIV/0!
GRAND TOTAL	23,826	14,143	59.4%



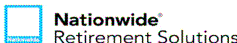


**look
forward to
retirement!**

Iowa Department of Administrative Services
Retirement Investors' Club (RIC)

RIC Investment Providers

Retirement Investors' Club investment providers have all the investment information & applications you need to choose your investments & get your payroll deduction started. **To choose a provider**, ask your participating co-workers which providers give your location good service or call the providers and ask about their products & services (see sample questions below). Ask a provider to meet with you right away and start getting the employer match!

				
Phone	515-267-1099 800-892-5558 ext 88700	800-424-2825 ext 47634 319-270-7505	800-555-1970 515-698-7973	877-677-3678, option1, option 2
Website	www.aigvalic.com/iowa	www.retire.hartfordlife.com/iowa/	www.ingretirementplans.com/custom/iowa	www.nationwideiowadc.com
Credit Rating	A+ Credit Rating	A+ Credit Rating	A+ Credit Rating	A+ Credit Rating
Product Name	Retirement Services Value Product	DC Plus	ING Gov Custom Choice Blend	Nationwide Retirement Solutions
Investment Options	Fixed Rate Account 23 Variable Rate Funds Self-directed Brokerage Option	Fixed Rate Account 28 Variable Rate Funds Self-directed Brokerage Option	Fixed Rate Account 24 Variable Rate Funds Self-directed Brokerage Option	Fixed Rate Account 22 Variable Rate Funds Self-directed Brokerage Option
Investment Planning Tools	Guided Portfolio Account Aggregation	Morningstar Guidance	Income Wizard Online Investor Profile	Ibbotson Asset Allocation Morningstar Guidance & Advice Online Investor Profile
Restrictions	None	None	None	5-yr restriction on fixed rate account while employed
Account Information	24/7 phone & internet access Quarterly statements	24/7 phone & internet access Quarterly statements	24/7 phone & internet access Quarterly statements	24/7 phone & internet access Quarterly statements
Options at Retirement	Variety of flexible payment options no penalties or restrictions	Variety of flexible payment options no penalties or restrictions	Variety of flexible payment options no penalties or restrictions	Variety of flexible payment options no penalties or restrictions

Ask the provider...

- As a state of Iowa employee how do I enroll in deferred compensation?
- Will a representative meet with me to review investment options & complete paperwork?
- Why should I choose your firm over the other 3 investment providers?

Ask yourself...

- Was contacting someone was easy?
- Does selecting investments & opening a new account sound easy?
- Was the staff, product information, & website helpful?

Notes

See the reverse side for a list of investment options

Investment Options

Asset Class	Subclass	AIG VALIC	Hartford	ING Financial Advisers	Nationwide
Principal Protection	Stable Value	VALIC Fixed Interest Option	Hartford General "Declared Interest" Acct	ING Fixed Account 457/401(a)	Nationwide Fixed Account-5 year restriction on transfers while employed
	Money Market	Am Century Capital Preservation Fund			
Fixed Income Funds	Gov't	JP Morgan Mortgage-B Secs A	Hartford Mortgage Securities HLS PIMCO Real Return	ING GNMA Income I	Principal Inv Bond & Mortgage Select
	Interm-Term (high quality)	Franklin Total Return A	Hartford Total Return Bond HLS	Fidelity VIP Inv Grade Bond Port I	Western Asset Core Bond FI
	High Yield	Am Fnds American High Income R4	Goldman Sachs High Yield	Am Fnds High Income Trust R4	Am Fnds American High Income Tr R3
Balanced Funds	Traditional	Am Fnds American Balanced R4	Oakmark Equity and Income	Am Fnds American Balanced R4 PAX World Balanced	Van Kampen Equity & Income A
Core Stock Funds	S&P 500 Index	SSgA S&P 500 Index Series F	SSgA S&P 500 Flagship	Vanguard Institutional Index	State Street Equity 500 Index Admin.
	Lg Cap Value	Oppenheimer Value A	Hotchkiss & Wiley Lg Cap Value	Pioneer Equity Income A	Principal Inv Lg Cap Value Select
	Lg Cap Blend	Davis NY Venture A	Neuberger Berman Socially Responsive Hartford Capital Appreciation HLS	Fidelity VIP Contrafund Portfolio I	Davis NY Venture A
	Lg Cap Growth	Am Fnds Growth Fund of America R3	Am Fnds Growth Fund of America R4	Am Fnds Growth Fund of America R4	Am Fnds Growth Fund of America R3
Aggressive Stock Funds	Mid Cap Value	Pioneer Mid Cap Value A	Artisan Mid Cap Value	Lord Abbett Mid Cap Value A	Goldman Sachs Mid Cap Value A
	Mid Cap Blend	Dreyfus Mid Cap Index	SSgA S&P Mid Cap Index RS Value	Ariel Fund ING VP Index Plus MidCap Portfolio I	JP Morgan Mid Cap Equity Select
	Mid Cap Growth	AllianceBernstein Mid Cap Gr A	Munder Mid Cap Core Growth	Wanger Select Fidelity Advisor Mid Cap T	Am Century Vista Adv
	Sm Cap Value	Dreyfus Prem Sm Cap Value A	Am Century Sm Cap Value		Dreyfus Premier Sm Cap Value R
	Sm Cap Blend	Dreyfus Sm Cap Stock Index	SSgA Russell 2000 Index Lord Abbett Sm Cap Blend	Lord Abbett Sm Cap Value A	Oppenheimer Main St Sm Cap A
	Sm Cap Growth	Legg Mason Partners Sm Cap Growth I	Baron Small Cap	UBS U.S. Sm Cap Growth A	UBS U.S. Sm Cap Growth A
International Funds	Global Stock (includes US)	Oppenheimer Global A	Templeton Growth	Am Fnds New Perspective R4	Am Fnds Capital World G/I R3
	Lg Stock Value		AllianceBernstein Int'l Value A	Dodge & Cox International (Feb 06)	
	Lg Stock Blend	Am Fnds EuroPacific Growth R4	SSgA EAFE Index Bernstein Int'l Portfolio	Am Fnds EuroPacific Growth R4	Am Fnds EuroPacific Growth R3
	Lg Stock Growth	Fidelity Adv Div Int'l A	Hartford Int'l Capital Appreciation HLS		
Alternative	Lifestage Funds	Fidelity Advisor Freedom (Income, 2010, 2020, 2030, 2040)	SSgA Dow Jones Target (Today, 2015, 2025, 2035, 2045)	ING Solution Portfolios (Income, 2015, 2025, 2035, 2045)	Principal Inv LifeTime Select (Strategic Income, 2010, 2020, 2030, 2040, 2050)
	Self-Directed Brokerage Accounts (SDBA)	Schwab PCRA \$50/year plus trade fee(s) 1,900± mutual funds offered No core account minimum requirement Initial & additional deposit minimums designated by fund(s) you choose	Schwab PCRA \$50/year plus trade fee(s) 1,500± mutual funds offered \$10,000 required in core account Initial deposit \$5,000+ Additional deposits no less than \$1,000	ING Ultimate - Pershing \$50/year plus trade fee(s) 1,500± mutual funds offered \$10,000 required in core account Initial deposit \$5,000+ Additional deposits no less than \$1,000	Schwab PCRA \$50/year plus trade fee(s) (if applicable) 3,500± mutual funds offered \$10,000 min in total core plan balance Initial deposits \$2,500+ Additional deposits \$500+

Fees for Variable Rate Funds (Provider and fund management fees are annualized on the assets you invest in variable rate funds and are reflected in your returns)

Provider fee	.15%	None	.10%	.19%
Fund management fee	.25-1.50%	.23-1.55%	.05-1.33%	.25-1.28%
Range of total fees	.40-1.65%	.23-1.46%	.15-1.55%	.44-1.50%